

## **Historic, archived document**

Do not assume content reflects current scientific knowledge, policies, or practices.



For

# FOREIGN

## AGRICULTURE

JULY  
1957



Examining sample of U.S. wheat, Tokyo Bay.

- Grain vs. Livestock in Argentina
- The Other Half: Farm Imports.
- Future of India's Oilseed Industry
- More Chocolate on the Way

RECEIVED  
JUL 30 1957  
U. S. DEPARTMENT OF AGRICULTURE  
BELTSVILLE BRANCH





## LAND USE IN THE PAMPA AND OTHER REGIONS<sup>1</sup>

	Provinces of the Pampa <sup>2</sup>		Other Provinces		Total actual Mil. acres
	Actual Mil. acres	Percent of total Percent	Actual Mil. acres	Percent of total Percent	
Grains.....	30.7	95.9	1.3	4.1	32.0
Other annual crops.....	9.2	82.1	2.0	17.9	11.2
Permanent crops.....	11.5	58.2	8.1	41.3	19.6
Pasture.....	90.5	35.4	164.8	64.6	255.3
Total.....	205.6	29.8	485.4	70.2	691.0
Livestock:					
Cattle.....	31.6	77.0	9.4	23.0	41.0
Sheep.....	25.8	50.4	25.4	49.6	51.2

<sup>1</sup>Argentine Census for 1947.

<sup>2</sup>Includes Provinces of Buenos Aires, Cordoba, Entre Rios, Sonto Fe, and Lo Pampa.

only does the Pampa contain much of Argentina's farm output, but it is the center of commercial and industrial activity, which is based mainly on trade in farm products.

The Pampa lies mostly in Argentina's temperate region, where rainfall and soils are suited to both livestock and grain. Other parts of the country are not so fortunate. In the south and west, low rainfall restricts agriculture to sheep grazing and some irrigated

crops. In the northern and eastern area of Argentina, heavy rainfall, subtropical climate, and swampy soils are unfavorable to grain and forage. Though sheep and cattle grazing is important in some areas of the north, climate and transportation are limitations.

### Competition

Competition in the Pampa is affected by the close proximity of grain and livestock enterprises, and also by their complementary relationship. Livestock is a grazing industry which depends upon grass, alfalfa, and other forage crops for pasture. The grain industry has developed through the conversion of Pampa pasturelands. Though competitive for land use, each also has benefited the other. Grain crops, in most areas, have expanded the capacity for livestock by providing supplemental grazing, particularly during the fall and early winter. At the same time, grazing improves grain

Sacked wheat in an Argentine field (left). Grain elevator typical of new storage facilities Argentina is now building (below).

## COMPARISON OF AREA FOR GRAIN AND ALFALFA WITH CATTLE NUMBERS IN ARGENTINA DURING SPECIFIED PERIODS

Year	Grain <sup>1</sup> Mil. acres	Alfalfa <sup>1</sup> Mil. acres	Cattle <sup>2</sup> Mil. head
Average:			
1930-34.....	41.5	13.8	31.5
1935-39.....	42.7	13.3	<sup>3</sup> 33.8
Annual:			
1947.....	33.1	15.9	41.0
1952.....	36.4	17.6	45.3
1954.....	34.4	18.7	44.0

<sup>1</sup>Compiled from FAS statistics. Represent beginning of crop year.

<sup>2</sup>Based upon estimates by Argentine Ministry of Agriculture.

<sup>3</sup>Less than 5 years.

yields through fertilization and by restricting excessive plant growth of grain crops.

The main pasture areas are in the eastern and central parts of the Province of Buenos Aires and southern Entre Rios. Cattle are raised to an age of about 2 years on native and improved pastures, before shipment to cattle-feeding areas. These are relatively stable livestock areas where grains, particularly oats and rye, are planted for supplemental pasture.

Grain production is favored in the southern and western zones of the Pampa, where rainfall is less frequent, the climate more variable, and soils lighter. While grain production is primary, wheat and forage grain crops are extremely important for fall and winter pasture. As the grain areas increase, cattle raising tends to expand; and the competition between the two is reflected in the proportion of grain crops turned to pasture in any season.

Competition is strongest, however, in the north-central part of the Pampa. This is not only the most productive region for corn, but its mild climate and excellent pasture growth usually permit year-round grazing for cattle. In fact, the alfalfa pastures in this area form the basis of the Argentine cattle-feeding industry. Here, changes in price and costs which affect comparative net returns from grain and livestock cause significant shifts in land use.

### Farm Organization

Argentina's farm organization exerts considerable influence upon competition between the two industries. The importance of land as a form of wealth has maintained a system of





large-scale ownership. Although about 35 percent of the farms are owner-operated, most of the productive land in the Pampa region is held in tracts of over 5,000 acres. Much of this land is organized into large managed enterprises (estancias) devoted mainly to livestock grazing. The remainder is operated as tenant farms specializing in crop and livestock production.

The livestock industry is on a large scale, with the exception of dairy and hogs. Most cattlemen are either estancia owners or tenants who pay cash rent, own their own herds, and provide the working capital and labor needed in their operations. To some extent, livestock are produced in combination with grain and other crops on owner-operated farms. Livestock production in Argentina offers the large estancia owner and tenant farmer the advantage of limited labor requirements and a minimum investment in machinery.

Although some large estancias have developed grain production in combination with livestock, grains are produced mainly upon tenant and owner-operated farms. Because of insufficient capital and high cost of machinery, family labor and horse-power is important and these often determine size of the farm. Harvesting of wheat and other small grains has been mechanized through custom harvest operations, but corn is still hand picked. Many Argentine grain farmers depend upon credit provided by government or trade agencies to finance the production and marketing of crops.

Of the two groups—the small owner-operator and the large landholder—the latter is the more important in determining the competitive status of the grain and livestock industries. The large landholders exercise control over most of the land in use, directly through their own estancias or through their influence upon tenant farm operations. The smaller owner-operators go in mainly for crop production, and limited capital and other factors make it difficult for them to change their operations.

### **Price Relationships**

Historically, Argentina is a livestock producing country. Both grain and

cattle production expanded during the 45-year period prior to World War II, but sheep numbers declined. Cattle numbers reached a prewar peak in the late 1930's. Grain production also rose to its alltime high during this decade. In this 45-year prewar period, live cattle prices averaged three times those of wheat. This compares with the United States where beef cattle prices are usually more than six times those for wheat.

With World War II the picture changed. During the next 15 years cattle prices rose to about five times those of wheat. War restrictions and diversion of foreign exchange into industry and social reforms hampered imports of machinery and reduced the supply of farm labor. Grain prices were held at low levels by the government. During this period, cattle numbers increased to a record level while grain production dropped by nearly 30 percent. Land that had been in grains, particularly corn, was shifted to alfalfa and other pasture crops.

When the new Argentine Government came into power 16 months ago, another change occurred. Guaranteed prices were increased for both grain and livestock. Grain prices were raised by amounts ranging from 47.7 percent for forage grains (barley, oats, rye) to over 75 percent for corn. Live cattle prices in Buenos Aires were raised by about 35 percent. These prices apply to graded cattle raised mainly by large livestock enterprises. Substantial numbers of other cattle—probably around 30 percent—are sold on open markets for whatever price can be obtained.

The current cattle-wheat price ratio is about four to one. Although the new prices are not as favorable to grain production as the prewar three-to-one ratio, they are more profitable than during recent years. The higher prices have already resulted in heavy cattle marketings, particularly by the smaller producers. They have also encouraged an increase of about 5 percent in the seeded area for wheat and forage grains over the average for the previous 5 years. While cattle numbers are still large, grain production may be increased further by reduction in the conversion of grain crops to pasture for livestock.

### **Outlook**

Until long-range technical programs can be developed to intensify both grain and livestock production, the two industries will compete heavily in Argentina's limited crop production area. Despite more favorable grain prices, cattle and sheep numbers should not fall far below their present level. At the same time, grain production for the next 3 to 4 years will probably not expand any more than 10 to 15 percent above the 450-million bushel average of 1951-55. Farm labor costs have risen, and that, combined with the limited supply and high cost of machinery, restricts any great expansion in grain, particularly corn.

Planned technical programs, if successful, could stabilize future competition at much higher production levels for both industries. Farm mechanization and measures to improve pastures and crop yields, under these programs, are expected to increase the productivity of both grain and livestock. But these programs face many difficulties. The country's capital and exchange resources available for initial development of these programs are limited. Lack of farm capital will hinder mechanization and improved practices by most small owners and tenants. Yet, these programs are essential if Argentina is to up grain and livestock exports and provide enough food for its growing population.

### **New-Crop Cotton Policy Announced by Egypt**

In May, Egypt announced provisions effective for the new 1957-58 cotton crop: Futures trading in new crop months began May 18; guaranteed prices to growers will be the same as last year; a 10-percent discount will be allowed against shipments during September-October 1957 if payment is made in dollars or Swiss francs, regardless of destination; up to 25 percent of cotton exports to the U.S. can be sold under barter arrangements for imports of other commodities into Egypt; the export tax will be increased Sept. 1—Karnak and Menoufi, from 4.61 to 6.92 U.S. cents per pound and other varieties, from 1.15 to 3.46 U.S. cents per pound.

# The Other Half

Farm exports are a vital part of our economy. But what about "the other half"—the agricultural products that we buy from abroad? Are they important, too? The answer, as given in the following article, is very definitely "Yes."

SINCE WORLD WAR II much has been said about exports of U.S. agricultural products—and rightly so. For many years, our agricultural exports have been an important segment of total marketings. During the post-war period they have averaged well over \$3 billion annually and have represented the product of some 40 million to 50 million acres of cropland.

In every year since the war, too, our exports of farm products have been important in more ways than mere size, as measured in tons, dollars, or acres of cropland. They played an important part in the speedy recovery and rehabilitation of many countries during the immediate postwar period. And since that time, not a year has passed but that shipments of food have gone from this country to meet famine or disaster relief needs somewhere around the world. The opportunity to meet these needs was made possible by abundant production.

In recent years, sales for foreign currency under Public Law 480 (the Agricultural Trade Development and Assistance Act) have provided opportunities for increased shipments of agricultural commodities to countries where a shortage of dollars has been a limiting factor. These sales have also helped maintain total exports at a higher level than would have been possible otherwise. Export sales for dollars—in the more normal, commercial concept of international trade—are, of course, the most important objective of our foreign marketing efforts. And dollar sales, together with the foreign program sales, in the first 10 months (July-April) of the current year 1956-57 have boosted U.S. farm exports to the \$4-billion mark—equal to the 12-month record set in 1951-52.

By R. L. Gastineau  
Trade Policy Division  
Foreign Agricultural Service

## Imports—The Other Half

But exports are only half the story. The other half is our import trade. Speaking in the context of the total exchange of goods and services in international commerce, the term "other half" carries a rather precise, mathematical connotation. Ultimately—in one way or another—our international accounts must balance. To the extent, then, that exports are important to our economy, imports are equally important. Or to use a popular expression, "trade is a two-way street."

During the past 8 or 10 years, annual imports of farm products have ranged from around \$3 billion to \$5 billion. This is roughly 40 percent of our total imports during the period. A brief comparative summary of imports and exports since 1945 is shown in the table.

This table shows several points relating to agricultural trade that are noteworthy. The first is that the United States offers a substantial market, year after year, to agricultural producers of other countries. Next to the United Kingdom, we are the largest importer of agricultural products. In recent years, the total of our imports has been close to \$4 billion. That is an important market, providing dollar-earning trade opportunities to many countries.

It is especially important to Western Hemisphere countries, as a group. Brazil, Colombia, Cuba, Canada, Mexico, and Argentina, in about that order, account for the largest share of the total value of our agricultural imports in recent years. Elsewhere, India and Pakistan, the Philippines, Indonesia, and Malaya also supply substantial parts of the total. Our imports from both Oceania and Europe—whose agricultural products for export are similar to our own domestic production—usually account for smaller but still sizable parts of the total.

Another comparison of interest in the table is the fact that, with the exception of 1956, our agricultural imports have exceeded agricultural exports. Thus, from the standpoint of an exchange of commodities, it may be said that agriculture's trade account has more than balanced since 1945.

## Types of Imports

An increasingly large proportion of agricultural imports into the United States has consisted of products not

TOTAL VALUE OF UNITED STATES EXPORTS AND IMPORTS, 1945-56

Year	Exports		Imports			
	Total	Agricultural	Total	Agricultural		
				Total	Complementary	Supplementary
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
1945.....	9,585	2,294	4,098	1,709	668	1,041
1946.....	9,500	3,173	4,825	2,297	1,101	1,196
1947.....	15,162	3,957	5,666	2,760	1,354	1,406
1948.....	12,532	3,472	7,092	3,149	1,531	1,618
1949.....	11,936	3,578	6,592	2,893	1,453	1,440
1950.....	10,142	2,873	8,743	3,990	2,183	1,807
1951.....	14,879	4,040	10,817	5,166	2,847	2,319
1952.....	15,039	3,431	10,747	4,518	2,616	1,902
1953.....	15,652	2,847	10,779	4,183	2,380	1,803
1954.....	14,998	3,054	10,240	3,961	2,403	1,558
1955 <sup>1</sup> .....	15,413	3,199	11,337	3,971	2,421	1,550
1956 <sup>1</sup> .....	18,838	4,158	12,490	3,948	2,395	1,553

<sup>1</sup>Preliminary.

Source: Compiled from official records of the Bureau of the Census.



# The Industrialized Nations Are Our Best Customers

By Wilhelm Anderson

Foreign Agricultural Analysis Division  
Foreign Agricultural Service

produced in commercial quantities in the United States. These are the so-called complementary products. We import these because several million Americans are looking for a hot cup of coffee first thing when they get up in the morning. And while we're still at breakfast, Junior is probably having sliced bananas on his cereal. Cocoa, spices, raw silk, carpet wool, and rubber are other important examples of complementary agricultural imports.

Supplementary imports include products similar to, or interchangeable with, those produced in the United States. In many cases, domestic production is either insufficient, or not of a particular type to meet total requirements. Typical examples are sugar, wool, oriental tobaccos, or particular kinds of hides and skins.

Then there are imports of a thousand and one different farm products of less importance. These swell the impressive total and meet a particular demand somewhere in the marketplace. Olive oil, for American citizens from the Mediterranean Basin countries; hops, for the brewmaster of European extraction who believes—mistakenly, some might say—that only the imported product can impart that particular flavor to his beer; or special delicacies to delight the exacting tastes of the gourmet—all are examples of this class of imports.

But there is another category of farm products which are imported and which compete directly with the same products produced here at home. Among these are grains, cotton, flaxseed, and certain dairy products. The case for some of these imports under certain conditions is not so clear. One thing is clear, however. In no case is there complete or arbitrary exclusion of a commodity, except to enforce obvious plant and animal disease and quarantine regulations. When it becomes necessary at times to limit the imports of certain farm products, this is accomplished by law, under certain specified conditions and according to well-established public procedures.

## Regulating Imports

The main device for regulating agricultural imports, where necessary, is Section 22 of the Agricultural Adjust-

The world's population of 2.7 billion is currently divided into two political camps. In the Free World reside 1.8 billion persons—two-thirds of the total. In the Communist Bloc are 900 million persons—one-third.

How are our farm exports divided between these two camps? In calendar year 1956, all U.S. agricultural exports went to the Free World except \$5.2 million worth which went to the Communist Bloc—specifically to the USSR and its European satellites. None were destined for Communist China, North Korea, or North Vietnam. As we look at the foreign market for U.S. farm products, we can practically ignore the Communist Bloc as an outlet.

The Free World is divided into two areas—the industrialized and the underdeveloped. Industrialized areas include the nations of Western Europe, and Canada, Japan, Oceania, and the United States, with a combined population of 640 million, representing 35 percent of the Free World's population of 1.8 billion.

In 1956, five industrialized nations—the United Kingdom, Japan, West

---

Germany, Canada, and the Netherlands—took 43 percent of our farm exports. Western Europe, with 350 million people representing only 20 percent of the Free World's population, took 52 percent of our 1956 agricultural exports. If to this is added the takings of Japan, Canada, and Oceania, we find that 70 percent of our exports went to only 26 percent of the Free World's population. This shows how heavily our exports concentrate in the industrialized nations.

We have the contrast, then, of 26 percent of the Free World's population residing in the industrialized foreign areas purchasing 70 percent of our farm exports. On the other hand, the underdeveloped areas representing 65 percent of foreign Free World population take only 30 percent. The heavy buying by the industrialized nations is made possible by the high level of their industrial activity and the very much higher per capita incomes of their peoples.

From this it would appear that in the years to come American agriculture would have much to gain from rapid industrialization of the underdeveloped areas. Only by such means can we expect the peoples of these areas to increase their per capita incomes sufficiently to become significant dollar buyers of our farm products.

ment Act, as amended. It is not the purpose of this brief review to deal with the technicalities or detailed provisions of Section 22. Suffice it to say here that the legislation exists to prevent unlimited imports from materially interfering with any domestic price support or other agricultural program undertaken by the Department of Agriculture.

It should also be noted that under the law import quotas or additional fees are established by the President only after public hearings before the U.S. Tariff Commission. At these hear-

*(Continued on page 15)*





Minnesota bull arrives in Guatemala by air. Last year, nearly 25,000 U.S. breeding cattle were sold abroad.



Canned beef products and other beef and veal products have become important U.S. export items in recent years.

# The Cattle Producer's Stake In Our Foreign Trade

By Grover J. Sims  
Livestock and Meat Products Division  
Foreign Agricultural Service

FOR YEARS, U.S. cattle producers have talked about foreign trade in terms of competition from imports—live cattle from Mexico and Canada, canned beef from South America. But in 1953, for the first time, we exported more cattle and beef products than we imported. And this export balance has now zoomed to \$162 million.

What does such a shift mean to people in the United States—farmers, meat packers, housewives, manufacturers? It seems to have been good for everybody. Most of the exports have been byproducts for which there is little demand here. Thus the farmer has broadened his market and increased his income. Packers have obtained the more desirable carcass meats for sale in the domestic market. The U.S. consumer has enjoyed record supplies of beef at reasonable prices. And though large supplies of hides and tallow are now going abroad, our manu-

facturers still pay about the same prices for these items.

How dramatic this reversal is can be seen from the figures. In 1952 our imports of live cattle, beef, veal, tallow, greases, hides and skins, and sausage casings amounted to \$103 million—and our exports to \$82 million. By 1956 our imports had dropped to \$55 million, and our exports had risen to \$217 million.

## Beef and Veal

Back of this switch in our trade balance for cattle and beef products is a sharp increase in cattle slaughter and meat production. Our beef and veal output has risen from 10.5 billion pounds in 1948 to 16.1 billion in 1956. Each year since 1952 it has set a new record.

These expanding supplies have cut down our need for imported beef. By 1956, imports supplied less than 1.5 percent of our consumption. Canned

corn beef from Argentina and Uruguay and fresh and frozen beef in our border trade with Canada account for most of these.

Our beef and veal exports increased nearly five times in the 4 years from 1952 to 1956. Large shipments of frozen beef to Spain under an ICA (International Cooperation Administration) program, and to both Spain and Israel under the provisions of Public Law 480, are partly responsible for this increase. Spain will get its final delivery of beef this year. A P.L. 480 program has been initiated with Turkey for \$4.4 million worth of frozen beef in 1957.

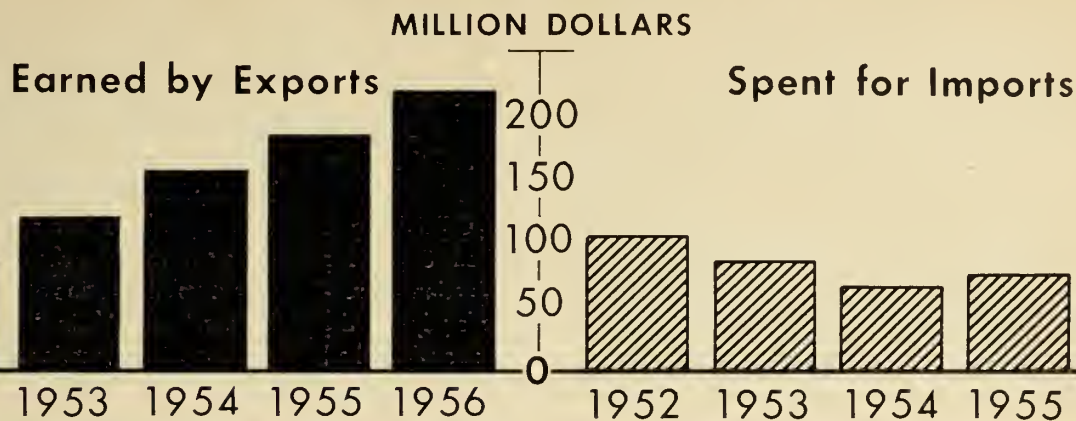
## Tallow

As beef production has increased so has the output of tallow. But the U.S. demand for tallow has shrunk. Detergents have cut down on the use of soap, so that our output is far in excess of our needs. Today export sales are helping us to dispose of this surplus.

As the world's largest producer and exporter of tallow, we have boosted



# U. S. Exports of Cattle and Beef Products Have Moved Ahead of Imports



USDA

FAS-NEG. 1361

our exports from \$54 million in 1952 to \$124 million in 1956. Since early 1956, foreign countries have been authorized to buy almost \$13 million of tallow under P.L. 480. As a result, large sales have been made to Spain, Turkey, Yugoslavia, Israel, and the Republic of China.

Prospects appear favorable for continued large exports of tallow. Higher living standards and industrial development in many foreign countries are stimulating an expanded market. But the extent to which these countries will buy our tallow will depend largely on the availability and price of competing vegetable and marine oils.

## Hides and Skins

Until recently the United States was a deficit producer of cattle hides and calf skins. We relied on imports for a good part of what we needed. But for the last 3 years we have been a net exporter of these items; one out of every five cattle hides and calf skins produced in 1956 was exported.

Exports of hides and skins have not been financed under the P.L. 480 programs, but through funds furnished by ICA. While this trade is likely to continue, there is the possibility that it might fall off now that domestic cattle numbers have passed a cyclical peak and slaughter is on a downward trend.

## Cattle

U.S. exports of cattle for breeding totaled 24,238 head last year, the largest number since 1946. Mexico, formerly one of our import sources, was a large buyer. A \$5-million loan from the Export-Import Bank last fall enabled Mexican cattlemen to make

extensive purchases of cattle in the United States—mainly beef in Texas and Arizona, and dairy in Wisconsin. This loan has been used, and the Mexican Government has now obtained another loan of \$5 million.

The Venezuelan Government has had a program for several years whereby it imports cattle and resells them to ranchers on favorable terms. The Colombian Government has encouraged imports. Cuba, Canada, the Dominican Republic, Guatemala, Ecuador, and Nicaragua have also been good markets.

Our cattle imports have fallen off for various reasons. In Mexico, where we used to buy some 500,000 head of cattle a year, the drought has had adverse effects. Last year U.S. purchases of Mexican cattle totaled 110,000 head, the lowest since 1934, except for the years when no imports were allowed because of foot-and-mouth disease.

Canada's high cattle prices have

### P.L. 480 purchase authorizations for beef and cattle products, 1956 and 1957

#### FROZEN BEEF

	Mil. dol.
Israel:	
Purchases completed .....	10.0
Spain:	
Now being delivered .....	13.5
Turkey:	
Now being delivered .....	4.4

#### BEEF VARIETY MEATS

Spain:	
Now being delivered .....	1.0

#### TALLOW

Chile:	
No purchases made .....	.6
Rep. of China:	
Purchases completed in 1956 .....	1.1
Israel:	
Purchases completed .....	.1
Spain:	
Purchases completed .....	2.8
Now being delivered .....	2.8
Turkey:	
Now being delivered .....	4.4
Yugoslavia:	
Now being delivered .....	1.8
Ecuador:	
Now being delivered .....	.6
<b>Total .....</b>	<b>42.3</b>

### United States foreign trade in cattle and beef products, 1952, 1955, and 1956

Item	Exports			Imports		
	1952	1955	1956	1952	1955	1956
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
<b>Total .....</b>	<b>82,295</b>	<b>183,104</b>	<b>216,733</b>	<b>103,378</b>	<b>73,272</b>	<b>55,121</b>
<b>Live cattle, total .....</b>	<b>4,608</b>	<b>12,414</b>	<b>9,967</b>	<b>14,495</b>	<b>28,530</b>	<b>15,629</b>
For breeding .....	3,714	10,706	7,823	1,049	4,842	4,731
Other .....	894	1,708	2,144	13,446	23,688	10,898
<b>Beef and veal, total .....</b>	<b>5,015</b>	<b>10,835</b>	<b>24,412</b>	<b>73,432</b>	<b>35,629</b>	<b>29,346</b>
Fresh, chilled, or frozen .....	2,047	5,891	19,862	12,744	6,762	7,700
Canned .....	557	1,800	1,704	41,762	27,971	20,285
Pickled or cured .....	2,411	3,144	2,846	18,926	896	1,361
<b>Tallow, total .....</b>	<b>54,287</b>	<b>98,769</b>	<b>124,371</b>	<b>71</b>	<b>140</b>	<b>87</b>
Edible .....	5,144	4,370	4,914	18	4	
Inedible .....	49,143	94,399	119,457	53	136	87
<b>Cattle hides and calf skins .....</b>	<b>15,894</b>	<b>56,834</b>	<b>54,657</b>	<b>13,049</b>	<b>6,308</b>	<b>7,188</b>
<b>Sausage casings .....</b>	<b>2,491</b>	<b>4,252</b>	<b>3,326</b>	<b>2,351</b>	<b>2,665</b>	<b>2,871</b>

forestalled imports from that area. Though beef production in Canada is at record levels, consumer demand has been strong and prices have remained high. Consequently, our imports have dropped from 461,000 head in 1950 to only 49,000 last year.

### Market Development

No doubt the combination of improving foreign economies, plus U.S. export programs, is a major contribution to our improved exports of livestock products. Nevertheless, some of the credit for our expanded trade in meat and livestock products must go also to the market development work that has been done in the past year or so. To open up potential markets for U.S. farm products is the primary job of the marketing specialists and agricultural attachés of our Foreign Agricultural Service. And they do it in all sorts of ways—through trade fairs, demonstrations, educational campaigns, exchange visits, cooperative promotions, and so forth.

For example, last year the National Renderers Association, in cooperation with FAS, sent a team of tallow specialists to Japan and Korea. This team did an outstanding job and helped solve some of the problems that had been restricting our tallow exports to these countries. Plans are now under way to promote sales of tallow in Europe.

Profitable too was the shipping of Santa Gertrudis and Brahman bulls to a livestock exposition and sale at Piura, Peru. The bulls outsold locally bred stock by a wide margin. More recently, FAS helped bring a group of Peruvian cattlemen to this country to attend livestock shows and visit ranches. This also upped our cattle sales.

To develop markets for U.S. hides plans are being made to send a trade mission to Mexico and some of the European countries. Like the other projects this will be a joint government-private industry program. It is expected that the Western States Meat Packers Association will participate in this along with the National Hide Association, the National Independent Meat Packers Association, and the

*(Continued on page 15)*

## U. S. Wheat Standards Recently Revised

To further acceptance of U.S. wheat in the international market, new standards, proposed by both the U.S. Department of Agriculture and the wheat industry, went into effect last month.

This revision of the Official Grain Standards of the United States for Wheat marks the culmination of several years of intensive study by the USDA. The standards for wheat had been without major changes since 1934. Recently, however, importers and processors of U. S. wheat in foreign countries have been complaining about its quality, claiming that it contains too much extraneous material in comparison with wheat from other countries. As a result, U.S. producer organizations, handlers, and processors of wheat have been pressing for a revision of standards to assure better quality wheat moving into the world market.

The first step was a national conference sponsored by the USDA in September 1955, and attended by representatives of the wheat industry. Following a year's study of the suggestions made at that time, 10 specific changes were outlined and published in the *Federal Register* on Dec. 1, 1956. Public hearings were held the following month in Chicago, Kansas City, Minneapolis, and Oregon. The accepted standards were published in the *Federal Register* last March and went into effect on June 15, 1957.

Important changes made in the wheat standards are as follows:

- A reduction in the limits of total foreign material to 0.5%, 1.0%, 2.0%, and 3.0% in grades 1, 2, 3, and 4, respectively, compared with 1.0%, 2.0%, 3.0%, and 5.0%, now permitted. The factor "matter except other grains" is eliminated.

- A reduction in shrunken and broken kernels in Nos. 1 and 2 to 5.0% and in No. 3 to 8.0%. Present tolerances are 7.0% for Nos. 1 and 2 and 10% for No. 3.

- A reduction in the limits of wheats of other classes in No. 2 grade

to 5.0%. Previous tolerances were 5%, 10%, and 10% for grades Nos. 1, 2, and 3, respectively.

- An increase in the minimum limits of dark, hard, and vitreous kernels in the subclass Hard Winter Wheat from "more than 25%" to 40%.

- The elimination of "Amber Mixed Durum" and "Mixed Durum" from the grade designations in the class Mixed Wheat; and

- A provision that distinctly low quality be determined on the basis of the sample as a whole, that is, before the removal of dockage.

No change is made in the method of expressing dockage, which will continue to be in terms of whole percents; and in the present method of evaluating smutty wheat.

The limits of moisture for the special grade "tough wheat" are unchanged for all classes.

The definition of "sample grade" remains unchanged with no reference to "contamination by animal filth." Wheat which is distinctly contaminated will continue to be interpreted as "distinctly low quality" as in the past, with emphasis on uniform interpretation and application.

It is expected that the rather large reduction of permissible foreign material and shrunken and broken kernels will improve the appearance of U.S. wheats and reduce the complaints on this score.

The reduction in the permitted percentage of "wheats of other classes" in the No. 2 grade, together with the increase in the minimum percentage of dark, hard, and vitreous kernels in the subclass Hard Winter Wheat, should result in less variability in baking value between ship cargoes of this wheat.

More sweeping revisions, including proposals to make protein content and other tests for baking value a part of the standards, were advanced, but many of these proposals would have been impracticable to administer for domestic commerce.





Northern Nigeria Information Service

Plant breeding specialist, *left*, makes selection from test plant at Samaru research station. *Above*, bags of seed cotton from individual plots—49 selections to a plot.

# ***Cotton Research Boosts Output in Northern Nigeria***

Cotton is one of northern Nigeria's leading export crops—and for the African farmer, an excellent source of cash income. But this vast country has just recently begun to capitalize on scientific research in cotton growing. For the past 2 years, production has hit new peaks, and exports have steadily increased.

Back of this rise in cotton production is the Agricultural Research Station at Samaru, where new strains of cotton are being developed and tested. One of these, known as "Samaru 26C," is a middle grade American upland type, which proved extremely successful when the first full crop was grown in 1953-54.

Hairs on selected seed are combed into a halo for length measurements. *Right*, Samaru workers prepare specimens.



Samaru worker points to 1954's record cotton crop. Favorable weather caused this peak, but research has stimulated a general upward trend since 1947.





# What Is the Future of India's Oilseed Industry?

India wants to increase vegetable oil exports. Also, it wants more fats and oils for its millions of people. Can both goals be met? To weigh the export potential, **Edgar L. Burtis**, Fats and Oils Division, Foreign Agricultural Service, recently spent 6 weeks in India. Here is what he found.

**I**NDIA HAS LONG BEEN one of the world's largest sources of fats and oils. It is outranked only by the United States and China. It produces a substantial quantity of ghee—a form of butterfat—and large crops of oilseeds, from which vegetable oils are extracted.

Before World War II, India was also among the world's largest exporters of oils and oilseeds. But, since pre-war, India's consumption of vegetable oils has increased faster than its production. India now contributes only 2 to 3 percent of the world's total exports of fats, oils, and oilseeds, whereas it formerly exported approximately 10 percent.

If India should return to world markets as a large exporter of oils or oilseeds, the impact on prices would be considerable. And U.S. soybeans, soybean oil, and cottonseed oil would face intensified competition. Yet it is very doubtful that this will happen. India has enough land to support a large expansion in oilseed crops by shifting some acreage now in other crops. But India also has the second largest population in the world and a very low per capita consumption of fats and oils—roughly 10 pounds a year for food, compared with 45 in the United States. An increase of only 1 pound per person would be more than equal to India's current exports.

## Indian Oil Crops

Among the Indian oil crops, peanuts are the largest and have made the largest contribution to exports. Pre-war, peanut exports averaged almost 1 million metric tons annually, or about 400,000 tons in terms of oil. India

now exports peanuts almost entirely in the form of oil. In the last 5 years these exports have averaged only about 60,000 tons.

Besides peanuts, the principal annual oil crops in India are rape and mustard seed, sesame seed, flaxseed, and castor beans. India is also one of the leading world producers of coconuts, and part of this crop is dried and crushed for oil. Peanut, rape, mustard, and sesame oils are used mainly for food. Coconut oil is used in soap, hair oil, and for food. Linseed oil is the world's principal paint oil, but in India some is also used for food. Castor oil is an industrial oil. A little oil is produced from cottonseed, but in India this oilseed is still mainly fed to livestock.

Exports of edible oils other than peanut oil are small. India's principal exports among inedible oils are linseed and castor. India rivals Brazil as the world's chief exporter of castor oil, with production and exports about the same as they were before the war. Its exports of flaxseed and linseed oil amount to about 10 percent of the world's total trade in these products and are somewhat smaller than pre-war. As with peanuts, Indian exports of flaxseed and castor beans are now in oil form.

## Increased Consumption

India's Second Five Year Plan envisages a 21-percent increase in total consumer expenditures. The majority of Indians spend most of their money on food. Since fats and oils are a relatively cheap source of calories, they would be among the first foods to be

bought with increased incomes.

Statistics indicate that, when people have more money, expenditures on vegetable oils increase proportionately more than total expenditure. Between 1951 and 1956, for example, consumer expenditures in India rose 16 percent but total vegetable oil consumption rose 21 percent. If consumer expenditures rise another 21 percent by 1961, consumption of vegetable oils probably will increase about 25 percent—from an estimated 1.7 million tons in 1956 to more than 2.1 million tons. This, of course, assumes that vegetable oil prices do not rise materially in relation to other food prices.

## Expanding Acreage

To meet this increased consumption, the Second Five Year Plan calls for a significant rise in production by 1961, the last year of the Plan. At the same time, India hopes to boost its oilseed exports some 40 percent—from the recent 150,000 metric tons to 210,000. This should be achieved, according to the Plan, by raising the present low yields rather than by increasing acreage.

Oilseed acreage, however, is expanding. The planted area in peanuts has been increasing for half a century, and the trend is still upward. If the trend continues, acreage will expand another 10 percent by 1960-61. Peanuts are a good cash crop in many parts of India. They now account for about 40 percent of the acreage of annual oil crops.

Rape and mustard seed, India's second largest oil crop, started expanding acreage in the early 1940's. A continuation of the trend would bring an increase of 10 to 15 percent by 1960-61. Though little change is expected in the acreage of the other oil crops, the total acreage for the five major annual oilseeds may well be nearly 10 percent higher than the 29.4 million acres in 1955-56.

Indian oil crop production varies greatly from year to year—largely because of weather. Summer rains often start too late, making it impossible for farmers to plant their crops at the best time, or else continue too late in the fall, spoiling the harvest. Also, sometimes the rains are too heavy, at other times too scanty. And to these annual fluctuations must be added the



persistent long-term decline in yields per acre. During the First Five Year Plan, which ended in March 1956, average yields were historically low.

To a large extent, Indian oilseed production during the second Plan will depend on these two factors—weather and how successful the country is in arresting or reversing this downward trend in yields. If per acre yields in 1960-61 are no larger than the average during the first Plan, the oilseed crop will only be about 8 percent larger than it was in 1955-56. But if yields can be restored to the level of the 1940's, production will increase about 30 percent.

### Goal—Higher Yields

The Indian Government is tackling the yield problem in various ways. The two most promising are through distribution of better seeds and extension work in better farming practices.

Agricultural experiment stations in India have been working for many years to develop improved varieties and strains of oilseeds. This has been especially successful for peanuts and castor beans. In Andhra State, which has about 60 percent of the castor acreage, many of the leading farmers are already using them. As for peanuts, several States have active seed-distribution programs.

India's agricultural experiment stations have made real progress in determining what are the best farming techniques. But getting the results of these studies to the farmers is especially difficult. Only a small percentage of the farmers can read. Many of the villages are connected with the outside world only by footpaths. And furthermore, many of the farmers are so poor that they cannot adopt improved methods, even if they would like to. Nevertheless, the Central and State Governments are intensifying these efforts to create a truly efficient extension service; and soon each of the major oilseed-producing States will employ a trained extension worker for full-time work on oilseed projects.

Control of pests and diseases is another vital step to increased production. Each district—about the size of a county in the United States—maintains plant protection squads, with

Oilseed processing methods like these have been disappearing with the building of oil mills. India could be a big competitor in world fats and oils markets, but now chooses to use most production at home.

spraying and dusting equipment. These do a good job as far as they go. What the country really needs are village squads; and a proposal has been made to loan money to village farmers, or to a village association, for equipment so that it will be available locally.

India is rapidly increasing domestic production of nitrogenous fertilizers, and boosting its imports of phosphates and potash. But the quantities are still too small to be of much help to oilseed growers; rice, sugarcane, and cotton have taken the lion's share. Besides, the response of oilseeds to fertilizers has not had much study in India. It is quite possible that oilseeds respond more to fertilization of the preceding crop in the rotation than to direct applications, as is the case in the United States.

### Competition

To satisfy the estimated 25 percent increase in domestic consumption of vegetable oils and to boost exports to 210,000 tons a year will require at least a 30-percent increase in production. Whether India will achieve this or not by the end of the present Plan is a gamble; production could increase anywhere from 10 to 35 percent. But even at 35 percent, India would not regain its prewar export levels.

Yet with regard to exports, one qualification should be made. The Indian Government for several years has taken the position that the needs of consumers in India are more important than the export market. The government has limited, and sometimes even prohibited, exports of peanut and other edible oils to maintain the supply in the home market. As a result, the price of peanut oil in India has

*(Continued on page 18)*

Mortar-and-pestle crushers. Worker and bullock are posed beside old wooden crusher (right) to contrast it with metal crusher and more modern harness pictured above.



Edgar L. Burtis

"Millstones" crack oilseed hulls.







British Information Service

## More Chocolate on the Way As Cacao Production Expands

Cacao propagating station in Trinidad. Plants started here are sent to colony's cacao growers.

**T**HE UNITED STATES eats more chocolate than any other country in the world, but U.S. people are prone to take their sweets for granted. When an American walks up to a candy counter he can choose from a wide variety of sweets. If an increasing number of these are chocolate flavored, he is not apt to notice; or, if he does notice, he will probably attribute it to the whims of manufacturers or consumers rather than to expanding cacao production.

Cacao production has expanded considerably in the last 4 years. In 1953 production was so low and prices so high that U.S. consumption decreased 13 percent. Chocolate manufacturers began to use substitutes for chocolate in candy bars and other confections. They also made chocolate coatings thinner, reduced the weight of candy bars, and promoted nonchocolate confections. Researchers even stepped up efforts to develop a synthetic chocolate.

This caused a great deal of concern among cacao producing countries, and they wasted no time in trying to remedy the situation. Today many of them have development or improvement programs under way.

Disease and pest control programs have shown the most progress, but research and programs to promote better cultural practices, foster better husbandry, and subsidize production are

moving ahead also. Ghana, Brazil, Nigeria, and the Ivory Coast—the world's leading cacao producers—are pushing production through programs of one sort or another. An interesting feature of the expansion, however, is the progress being made by the lesser producing countries.

- Jamaica, for instance, is increasing cacao acreage by 50,000 acres. Under an accelerated planting program the government will provide and distribute a million budded cacao seedlings a year.

- On the island of Fernando Po, where the economy depends on cacao, the present 87,500 acres are being increased by developing new farms and by replacing coffee with cacao.

- Mexico is working on a large drainage project in the cacao growing region which will facilitate production, and is building a superhighway which will expedite farm to market transportation.

- The Cocoa Board of Trinidad is operating two propagating stations, which at full production could supply a million cacao plants each year.

- Australia is sponsoring—through its Department of Agriculture—a cacao development program in Papua and New Guinea. Here climate and soil are ideally suited to cacao growing and the area is relatively free of cacao diseases and pests. Researchers have de-

veloped a high-yielding strain of cacao and it is being propagated throughout the area. The Australian Department of Agriculture distributed 2.5 million cacao seeds during the last year. Most of them went to the native farmers who are being given specialized training in cacao culture. More than 1,500 native farmers, owning nearly 2 million cacao trees, are registered growers. Since Papua and New Guinea export most of their cacao to Australia, Australia hopes to get more than two-thirds of the 27 million pounds it consumes annually from this source by 1962-63.

- The American Cocoa Research Institute and the Inter-American Institute of Agricultural Science at Turrialba, Costa Rica, are cooperating on cacao research programs in Latin America. Also, the International Cooperation Administration has cacao programs in a number of countries.

Since cacao is a tree crop it will be some years before the full effect of recent technological improvements are realized. But 1956-57 production—estimated at nearly 2 billion pounds—is expected to be almost 300 million pounds above 1953-54 production. Furthermore, producing countries are becoming increasingly aware of the needs and desires of the cocoa and chocolate manufacturers and are making every effort to satisfy them.



(Continued from page 7)

ings, the facts bearing on a particular case are presented and considered in detail. Moreover, Section 22 findings may be periodically reviewed so that when changed circumstances permit, import regulations can be modified or withdrawn. Imports in 1956 of commodities regulated during that year by the provisions of Section 22 totaled about \$35 million.

In this short space only the highlights of our agricultural imports have been touched upon. If there were but one point to emphasize, it would be this: the United States offers a substantial and continuing import market to agricultural producers of the world—a market that is particularly important for products which complement our own domestic production. And because of this market, we contribute significantly to maintaining a high level of multilateral, nondiscriminatory world trade in agricultural products.

### Cattle Producer's Stake

(Continued from page 10)

Foreign Agricultural Service.

Market development is still in its infancy. For those meat products—and byproducts—not in strong demand in this country there are numerous outlets overseas. To promote and expand these outlets benefits U.S. livestock producers, meat packers, distributors, and all the varied industries associated with foreign trade. It also brings greater assurance that U.S. consumers will continue to enjoy the large domestic meat production required by our high standard of living.

### Brazil Nut Exports Reach Record Levels

According to Brazil's Ministry of Finance, brazil nut exports reached record levels in 1956. The 50,100 short tons (shelled basis) exported represented an increase of 45 percent over 1955 shipments. The United States and the United Kingdom were the major markets.

# Will Myxomatosis Eradicate Australia's Rabbit Pest?

By James H. Boulware  
U.S. Agricultural Attaché  
Canberra, Australia

A few years ago Australian farmers thought they had the answer to the country's most serious pest—the rabbit. By inoculating some of the animals with the virus of a disease called myxomatosis, rabbits disappeared rapidly and the country's wool clip reached a record peak, as pastures improved and sheep numbers multiplied.

Today Australians are not so sure. More rabbits are appearing along the roads. Trappers are reporting larger catches. And the South Australian Department of Agriculture early this year claimed that increasing numbers of young rabbits are to be seen and that kills by myxomatosis are spotty.

Australia's rabbit problem started when settlers introduced rabbits for sport. Without the predatory birds and mammals which hold them in check in other parts of the world, Australia, by the end of the 19th century, was overrun by rabbits. They competed with sheep on better-than-even terms for the limited supply of grass and herbage, particularly in times of drought. Australian wool producers were desperate. They built a rabbit-proof fence hundreds of miles long, from the Indian Ocean north to the Tropics, to guard the pastoral areas of Western Australia. Practically all sheep stations were surrounded with rabbit fences, and all the large stations employed rabbit-baiters, with dogs, poisons, and traps.

Despite all this, rabbits remained a menace. Each year the amount of feed available for sheep was restricted, and each year the wool clip dropped millions of pounds in value. But in 1926 British and Australian scientists had started experimenting with the myxomatosis virus from Brazil. This virus had many things to recommend it. It was insect-borne—mainly by mosquitoes and fleas; and the lethal disease produced could also be transmitted by

direct contact with infected animals. Too, it was found that Australia's domestic animals and the native fauna were completely immune—as was man.

By the winter of 1950 the government was ready to start extensive field trials. The first results were disappointing. But within a year the disease had spread, and in some areas eradication of rabbits was virtually complete. Moreover, the 1952-53 wool clip turned out to be the largest on record. Yet as early as 1952, it became apparent that more rabbits were recovering from myxomatosis.

At that time, research specialists issued warnings. The disease, they said, could not be expected to control rabbits indefinitely. But many farmers were convinced that their rabbit troubles were over.

Such optimism is understandable when Australia's livestock production for the past 5 years is examined. Sheep numbers increased from 116 million in 1950 to 139 million in 1956, and this year they may reach 151 million. Wool production was 1,118 million pounds in 1950; for 1956-57 it has been estimated at 1,525 million. Other types of livestock have increased also.

Early this year, however, the increasing numbers of rabbits seen supported the warnings of the research men. Farmers have been urged to maintain their rabbit-proof fences, to set traps and poison bait.

Myxomatosis is by no means a lost cause—even though kills have dropped from 95-99 percent to 90 percent or lower. Up to now mosquitoes have been used as vectors. To avoid dependence on them the Australian Government last year decided to introduce the European rabbit flea for this purpose. This is still on an experimental basis, with research men trying to determine whether the flea adversely affects the native fauna. If the effects are negative, the flea will probably be released and the myxomatosis campaign against the rabbit renewed.

# Peru Maintains Its Trade Despite Serious Drought

By James Lankford

Latin American Analysis Branch  
Foreign Agricultural Service

**A**LTHOUGH PERU is suffering from one of the worst droughts in its history, its agricultural exports were at a near record level last year, mostly from crops grown under irrigation. A sharp increase in coffee and cotton exports and a rise in exports of sheep's wool and auchenia (alpaca-llama hair) were mainly responsible. Estimated at \$140 million, the total value of these exports was 12 percent higher than in 1955, and the second highest of record, being exceeded only by 1951.

## Widespread Suffering

While Peru's agricultural trade has not been seriously affected by the drought, there has been widespread suffering in the stricken areas. Recent surveys show that in some sections as many as half the people need food but lack the money to buy it. And unfortunately, there is no easement in sight.

The drought began in 1955 in the heavily populated farming area of southern Peru. It continued uninterrupted until December, 1956, when sporadic rains occurred. These became more regular in January and February of this year, but fell off again after March. To add to this burden, frosts since mid-March have damaged growing crops, especially potatoes.

In recent weeks, Lima and other cities have had food problems. Rains in the coastal regions have delayed livestock movement from the Andes to the coastal regions, adding to the shortage caused by the drought. Shortages have also developed in other foods, including rice, beans, and dairy products.

Typical of the drought provinces is the Department of Puno. During 1950-55, around 250,000 acres were cultivated in this Department and food production amounted to over 360,000 tons. This provided adequate subsist-

ence and allowed some foodstuffs, such as potatoes, to be exported to other Departments. Last year, however, the harvest was reduced to approximately 110,000 tons; and to prevent widespread starvation large amounts of foodstuffs had to be brought in.

This reduced harvest has had telling effects on the social and economic life of the people. In the District of Arapa, most of the infant deaths were caused by malnutrition. Many Indians have migrated to the more populous sections. Serious problems of unemployment and privation have arisen.

Late in 1956, pastures in Puno were so poor that livestock suffered and many died. Conditions are still bad, as much of the grass that came with the late rains was killed by frost. Lack of forage has reduced cattle numbers 30 percent, and a greater decline is likely to occur this year. Sheep numbers dropped 25 percent last year, and will probably fall another 30 percent during 1957 unless conditions improve.

As the drought moved northward through the Andes, it hit new areas devoted mainly to food and livestock production for domestic use. Its effects were also felt on the volume of some of Peru's commercial and export crops grown on the coast and the eastern slopes of the Andes.

In overall trade, these effects were concealed by the higher sugar and cotton yields gained through improved techniques and by the large coffee harvest as a result of expanded acreage. An increase in both unit value and total production of sugar, cotton, coffee, cacao, and tea almost offset the sharp decline in food production last year. Estimated at 9.5 billion soles, or US\$500 million, Peru's total produc-

tion was only about 2 percent below that of 1955.

## 1956 Crops

Among the various crops there was considerable variation from the previous year. Potatoes and grains, the primary food crops in the Andes region, declined the most. Peru's supplies of these two commodities have been lowered 16 percent. On Peru's coast this was offset by larger production of beans and fresh vegetables on land diverted from cotton.

Citrus and other fruits suffered not only from the drought but from pests and diseases. Meats increased moderately in 1956, but to a large extent this reflected the heavy distress slaughter of cattle and sheep from the drought areas. While there were shortages of dairy and poultry products, commer-

## Background

Peru's two principal foreign markets are the United States and Chile. In 1955, 36 percent of the value of Peru's exports went to the United States. Our chief purchases were minerals, canned and frozen fish, alpaca and sheep wool, coffee, and raw hides and skins.

The United States is also the chief source of supply for Peruvian imports. We furnished 50 percent in 1955. Though most of these were manufactured items, the United States is still a leading source for most of Peru's principal food and agricultural imports. There are some exceptions, such as beef and wheat which Peru buys from Argentina.

In value, U.S. agricultural exports to Peru amounted to \$13.3 million last year. This represents a 12-percent decline from the 1955 level, because of smaller shipments of wheat and cottonseed oil under Public Law 480. But it also represents an increase of more than a million dollars in agricultural trade carried on through private channels.





Courtesy of Francis H. Jack

This Indian woman lives in Peru's Department of Puno, where drought has cut food production by a third. Puno is typical of the drought-stricken provinces. (Right) small farms on valley slopes (upper left) worst hit by drought, are being deserted and left to erosion.



cial production is mainly coastal, so little or no decline was recorded.

Total cotton production last year was only slightly less than the previous record of 1954. The Tanguis crop was 2.5 percent lower than it was in 1955; to the effects of the early drought were added severe losses from extensive pest damage and the economic burden of frequent applications of insecticides. On the other hand, 1956 was an optimum year for the extra long staple Pima and Karnak varieties produced in northern Peru. Low pest damage and adequate irrigation water combined to produce a crop 50 percent higher than the 1955 crop.

Sugar, an irrigated crop, was at a record level in 1956—nearly 7 percent greater than the high level established the year before. Rice production was somewhat restricted. A water shortage at transplanting time for the third consecutive year left Peru with low inventories at the end of 1956, barely enough to satisfy local needs.

With livestock numbers cut back by the drought, the 1956 clips—both of sheep's wool and auchenia—were sharply reduced. Wool exports, however, were up. Our wool purchases, valued at \$7.1 million, were 54 percent greater than they were a year earlier. To liquidate large inventories held by producers and to improve economic conditions in the drought area, the government had removed taxes on exports from the southern zone, and this encouraged the substantial increase in exports.

Economically Peru's small farmers have encountered the worst hardships. Moisture reserved on high peaks and ridges of the Andes was sufficient to prevent severe drought damage in many valley bottoms, where farming is concentrated in large units. The small farms on the valley slopes and on upland ranges obtained little or no water. Reduced livestock numbers and crop failures made it impossible for farmers to produce even minimum

food requirements. Farms were deserted and communities broken up; and today the steep unplanted slopes are subject to serious erosion. Both livestock and soil losses will take years to replace.

### U.S. Aid Programs

The Peruvian Government has a program totaling over 18 million soles (about \$1 million) for various projects to bring relief to the drought area. However, alarmed by the magnitude of the task of providing both foodstuffs and a means of livelihood for its farmers, the Peruvian Government looked to the United States. Last year a Public Law 480 agreement was signed for 51,800 short tons of grain, flour, and dry milk, of which 33,100 tons were delivered before the end of December. At the same time, a joint Peruvian-U.S. economic development program was embarked on, providing services in agriculture, public works, education, and public health.



# Japanese View U. S. Farm Products At Tokyo's International Fair



Japan today is a leading market for U.S. farm products. Evidence of Japanese interest in our commodities are these pictures taken in May at Tokyo's International Fair.

*Above*, housewives study baked foods made from American wheat flour. *Left*, Miss Shari Lewis, American dairy princess, and a Japanese beauty drink a toast to a favored beverage—milk. *Below*, lighted map of United States shows visitors main soybean-producing areas.



## Spain Making an Effort To Increase Edible Oils

Spain is trying to alleviate its edible oil shortage. A recent decree designed to increase olive production specified that, in all places where government-supported conservation programs were being carried out and the land was suitable, olive trees should be planted. But olive trees take about 15 years to mature, so the effect of this action will not be felt for quite some time.

Therefore Spain is turning to soybeans and peanuts. In the past, Spain has produced 10,000-15,000 tons of peanuts annually, but soybean production appears to be new.

Early this year, the Spanish Ministry of Agriculture called for compulsory cultivation of soybeans and peanuts in irrigated areas suitable for them. Most of the soybeans will probably be in Andalucía and Aragón, and the peanuts, in Valencia and Alicante.

The National Wheat Service will supply farmers with soybean and peanut seed and with fertilizer on a loan basis. The farmers, in turn, will sell their crop to this government agency. Farmers will get 8 pesetas per kilogram (9.1 cents a pound converted at the free rate of 1 peseta to 2.52 U.S. cents) for soybeans and 10 pesetas (11.4 cents) for peanuts. If the quality of the seed is suitable for planting the price will be upped—by 1 peseta per kilogram for soybeans and 2 pesetas for peanuts.

In addition, Spain is negotiating for the purchase and installation of equipment to process oilseeds and refine imported crude oil.

## India's Oilseed Industry

*(Continued from page 13)*

often been below the price it would bring for export.

But should the government decide that foreign exchange was urgently needed, it could permit edible oils to go out more freely than in the past. And this might result in substantial quantities being sold abroad in some years. While these would not reach the prewar level, they could at times appreciably intensify the competition that U.S. soybeans and edible oils have to meet in foreign markets.



# TRADING POST



## Antarctic Whaling Season Ends

The 1957 Antarctic whaling season officially ended March 16. The year's limit of 14,500 blue whales was 500 below last season's limit. Rough weather at the end of the season seriously retarded the rate of catch, but final figures are expected to show that the limit was reached.

## New Zealand Develops New Wheat Variety

New Zealand Government researchers have developed a new wheat variety called "Aotea." It combines high yields, good baking quality, and excellent agronomic characteristics. In addition, it does not lodge or shatter, threshes well, and is resistant to leaf diseases.

Aotea will replace other varieties in the major wheat areas of New Zealand. Farmers will sow about 1,000 bushels on approximately 650 acres this year. They will harvest an estimated 27,000 bushels in 1958—enough to sow 18,000 acres, which will yield about 810,00 bushels.

## Australia Acts On Apples and Pears

The Australian Legislature has received a bill to increase from 1 to 2 pence per box maximum export charges allowed for apples and pears. Proceeds from the levy are used to finance operations of the Apple and Pear Marketing Board. The bill is getting strong support because it would give the Board additional funds to maintain or perhaps expand its trade promotion program.

The levy for the 1957 season is 1 penny per box and is expected to yield £20,000 (\$44,800). If the bill is passed the 1957 levy will probably be increased to 1.5 pence.

## U.S. Barter Program Revised

The Commodity Credit Corporation barter program, suspended in April, was resumed in late May on a revised basis. Under the revamped program CCC will continue to exchange surplus farm products for strategic and other materials from foreign countries. The revision is intended to insure that each barter contract results in a net increase in exports of agricultural commodities involved.

## Ceylon Shipping Less Copra and Coconut Oil

Ceylon's copra and coconut oil exports decreased 14 percent in 1956 from the record high of 140,288 tons (oil basis) exported in 1955.

Copra exports were 16 percent less than in 1955 and moderately below prewar. India—still a major market—took 97 percent of the total.

Coconut oil exports—13 percent below 1955 shipments—were still about 45 percent above prewar. Sales to Italy, the Netherlands, Sweden, Switzerland, Pakistan, India, and Egypt decreased; but exports to the United Kingdom, Western Germany, Iran, Iraq, and Canada were up.

## No More Chilled Beef for Panama

Panama is prohibiting imports of chilled and frozen beef. The country wants to improve its livestock industry and develop its domestic market. But present prices received by domestic producers are reported to be so low that it is not profitable for them to ship their cattle into Panama City for slaughter. The United States has exported an average of 37,000 pounds annually of fresh and frozen beef and veal to Panama during the last 5 years.

## New Zealand to Aid New Delhi Milk Plan

A plan to organize and develop the New Delhi, India, milk supply is being completed, with the help of a New Zealand dairy group. New Zealand is providing technical assistance, and will contribute \$3,220,000 in plants, cash, and equipment. Pasteurizing, bottling, and canning equipment with a daily capacity of 575,000 pounds is planned. Most of the milk will come from areas around New Delhi. Milk colonies will be established near the capital to get the cows out of the city. Although Indian milk production is increasing, it is not keeping up with population. Religious customs and laws against slaughtering keep large numbers of unproductive cows alive to swell the numbers eating from limited feed supplies. Large imports of dairy products will probably be needed for a number of years if India is to attain an adequate level of milk and milk products consumption. The acute shortage of foreign currency is impeding trade at present.

## Irish Producers Cut Chocolate Crumb Exports

Ireland's chocolate crumb manufacturers plan to decrease 1957 exports by about \$8.4 million because the United Kingdom, Ireland's major market, can now produce chocolate crumb more cheaply in British factories. The cut will mean the loss of an outlet for about 12 million gallons of milk and will sharply increase Ireland's acute surplus milk disposal problem. The extra milk will probably be used to manufacture butter even though butter production is at peak levels and stocks are high.

## Mexican Tallow Imports Need Health Permit

Mexican imports of edible tallow must be accompanied by a health permit from the Ministry of Health. The notification—effective May 3, 1957—also provides that samples of edible tallow must be sent to the Director of Customs for testing quality.

If you do not desire to continue receiving this publication, please CHECK HERE ☐; tear off this label and return it to the above address. Your name will then be promptly removed from the appropriate mailing list.

## India Makes Changes In Cotton Trade

As of April 6, 1957, India stopped exporting cotton varieties previously subject to export restrictions. A total of 327,000 bales (500 pounds gross) had been authorized for export during the current season. Exports as of the cutoff date were estimated at 218,000 bales. The balance of the export quota is not expected to be released.

India has sharply increased imports of U.S. cotton this season. U.S. exports to India from August to February were 237,000 bales compared with only 4,000 bales a year ago. This year's exports include part of the 135,000 bales authorized under Public Law 480.

## Australia Has New 5-Year Dairy Plan

Australia has a new 5-year price stabilization plan for dairy products to succeed the plan which expired at the end of June.

The new plan, based on the same principle as the previous one, provides a price guarantee on butter and cheese covering 120 percent of domestic consumption. A standard productivity factor for the entire 5-year period will enable producers to reap benefits from

increased efficiency. Under the old plan, a moving average productivity factor passed these benefits on to the consumer. Basic wage cost changes will continue to be automatically added to or subtracted from the owner-operator's allowances. The government reserves the right to determine, for costing purposes, the owner-operator allowance, the interest on owner equity, and land value.

The dairy subsidy on butter and cheese for fiscal 1957-58 will at least equal the \$30 million paid by the government in 1956-57. This is the first time in 2 years it has not been lowered.

## Chile Buying More United States Cotton

Chile has been increasing its imports of U.S. cotton this season. From August 1956 to February 1957, for example, U.S. exports to Chile were 25,000 bales (500 pounds gross) contrasted with 4,000 bales a year ago. Most of the cotton from the United States was under Public Law 480, with payment in Chilean pesos. Other important sources of Chile's cotton supply are Peru, Brazil, and Egypt. Cotton may now be imported from any country, provided foreign exchange is available and an import deposit of 100 percent of the value of the cotton is

made. This deposit is required on all cotton imports payable in currencies other than Chilean pesos. It does not apply to imports under P.L. 480, which are payable in pesos.

## Rhodesians Push Tobacco Export Sales

The Federation of Rhodesia and Nyasaland will send a government mission to Australia and New Zealand to study the tobacco markets. An earlier mission to New Zealand was unsuccessful because Rhodesian leaf could not produce the desired flavor and aroma for New Zealand cigarettes. Australia and New Zealand import considerable U.S. tobacco for blending with domestic leaf.

## Australia Scans Butter Market in India

The Australian Dairy Products Board has sent a representative to India and Ceylon to investigate the possibility of a market for Australian butter. The Dairy Board is trying to find new butter outlets because of the prospect of increased production next spring and the depressed prices on the London market. Australia must find markets for 40,000 to 80,000 tons of butter per year.